

COMPUTER SCIENCE TRIPOS Part II – 2018 – Paper 7

4 Business Studies (SAMcT)

(a) Describe the characteristics of debt and equity financing, highlighting the differences between them. [4 marks]

(b) What is the difference between a loan and an overdraft? [1 mark]

Your software company is contracted to create a new control system for chocolate bar delivery in Cambridge. The contract is for a 6 month period, with payment of £400k against milestones in months 1, 3 and 6.

(c) Create an outline cashflow for the project assuming staff costs of £75k per month and overheads of £60k per month. [5 marks]

(d) What is your working capital requirement for the project allowing a contingency of a two month delay to one of either the second or third delivery milestones? [5 marks]

(e) How would you suggest to finance this working capital requirement, justifying your answer? [5 marks]